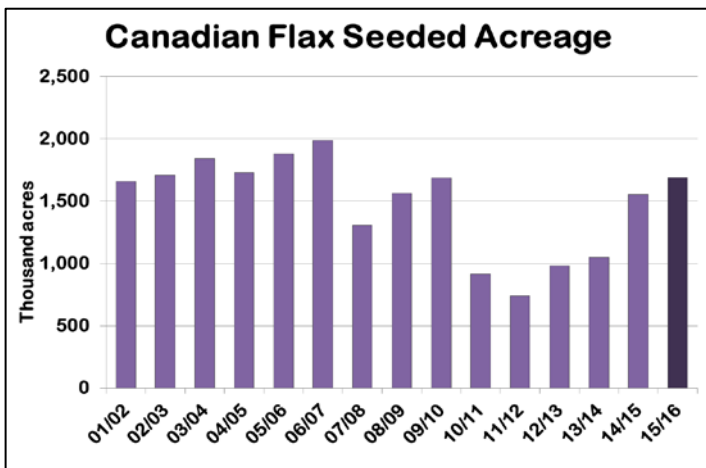
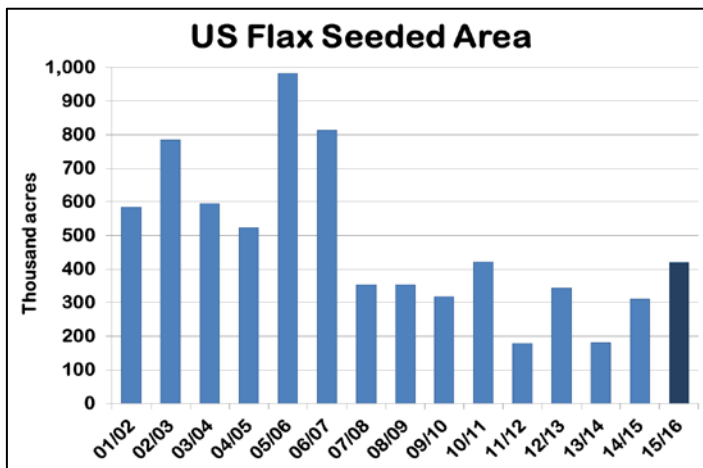


# Flax Market Snapshot

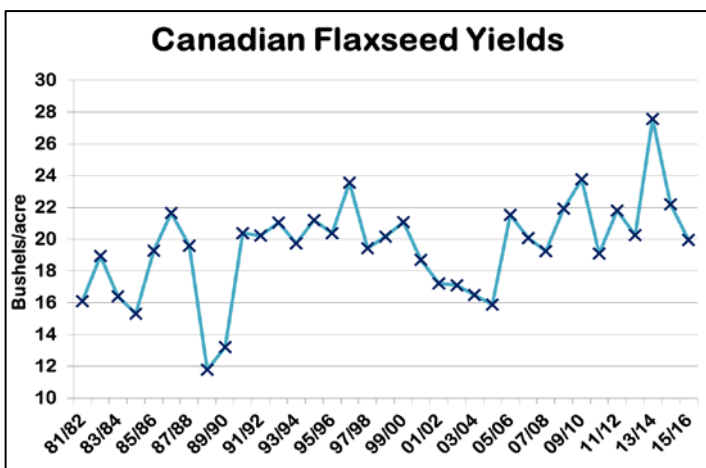
July 3, 2015



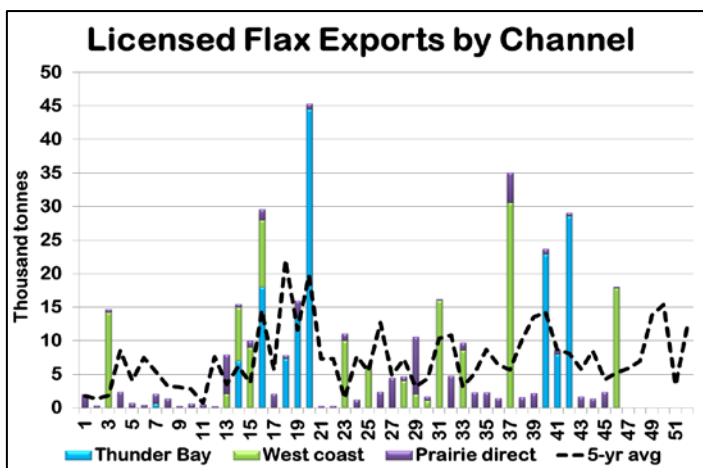
In StatsCan's June acreage survey, 2015 flax seeded area was set at 1.69 million acres, 9% higher than the previous year. That total was up slightly from the April intentions estimate but less than some in the trade had expected. Seeded area the past two years has now shown a solid recovery back to levels seen prior to the Triffid issue.



The USDA also raised its estimate of US 2015 flax seeded area. The estimate of 420,000 acres was up from the earlier USDA projection of 400,000 acres and is 35% higher than last year at 311,000 acres. If average yields are achieved in the US, this would mean a crop of 200-205,000 tonnes versus 162,000 last year.

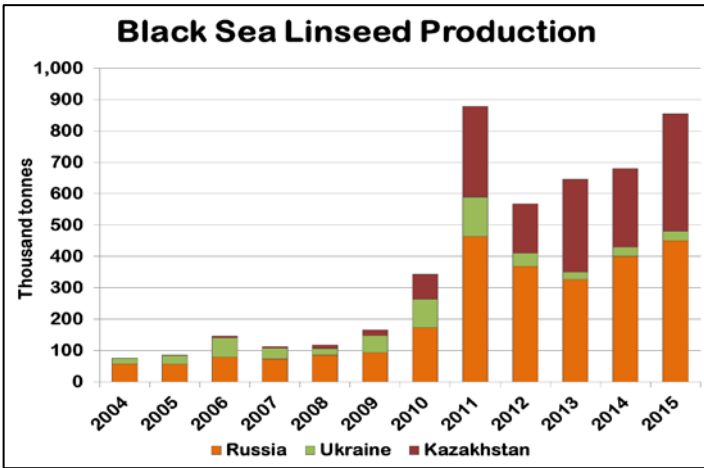


The dry and hot conditions in western Canada are causing considerable uncertainty in forecasting the 2015 flax yield. Over the past 10 years, yields have mostly been in the 20-22 bu/acre range, with some outliers. Currently, the best-case scenario would be the low end of that range but there is historical precedent for yields in the 16-18 bu/acre range.

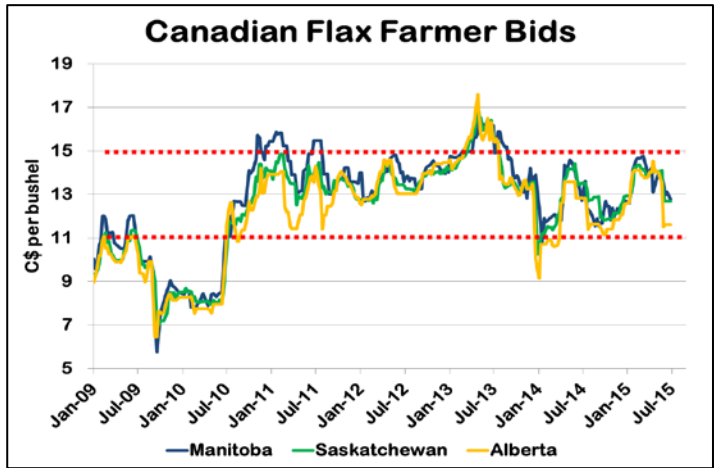


The month of May was busy for flax exports, with 60,000 tonnes headed to Western Europe. Since then, volumes have slowed although one shipment was sent to China through the West Coast. Exports for the final few weeks of 2014/15 are expected to be limited and volumes are normally light at the beginning of the next marketing year.

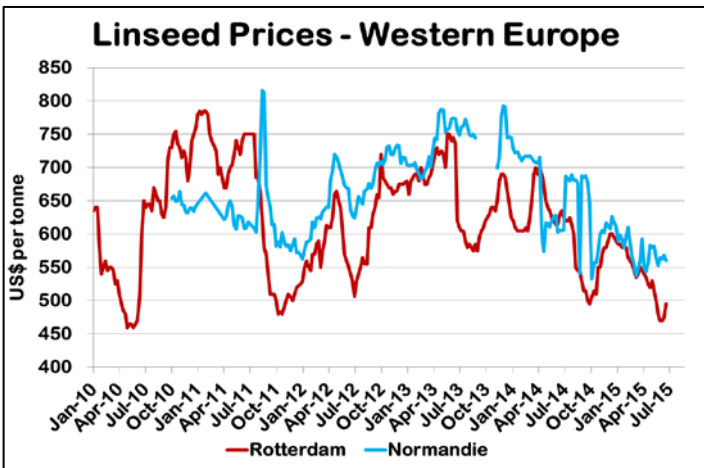
# Flax Market Snapshot - July 3, 2015



Flax production estimates out of the Black Sea region are scarce but the indications suggest a larger crop is on its way. Flax attracted acres as it was viewed as a low input crop and conditions have been mostly favourable in the region. Currently, 2015 production is forecast at 800-850,000 tonnes but the Kazakhstan crop is late and could run into trouble again.



As the old-crop export program wound down, spot flax bids dropped in all three provinces. Most old-crop bids are now on par with new-crop levels, but remain in the range that's been in place since early 2010. Prices in 2015/16 will take their cue from the size of the Canadian crop as well as prospects in the Black Sea region.



Flax prices in NW Europe bounced slightly last week but the overall trend is lower and is testing multiyear lows. The softness is attributed to continuing arrivals of flax from Russia and Kazakhstan which compete with Canadian product. Prices in France have remained more supported but are also trending generally lower.

	11/12	12/13	13/14	14/15	15/16
Seeded acres, 000's	740	980	1,050	1,555	1,690
Harvested acres, 000's	720	950	1,033	1,503	1,632
Yield (bu/acre)	21.8	20.3	27.6	22.2	20.0
<b>Supply ('000 tonnes)</b>					
Carry-In	193	137	71	84	101
Production	399	489	724	847	828
Imports	9	15	14	5	10
<b>Total Supply</b>	601	640	809	936	939
<b>Disposition ('000 tonnes)</b>					
Seed	17	18	26	24	24
Other Domestic	57	71	82	101	126
Exports	391	481	616	710	662
<b>Total Disposition</b>	465	569	725	835	812
<b>Ending Stocks</b>	137	71	84	101	127
<b>Stocks/Use</b>	29%	12%	12%	12%	16%

*Source: Statistics Canada with LeftField projections in bold*

The solid export volumes late in the 14/15 have kept ending stocks from becoming heavy. The latest acreage estimate with a cautious yield estimate would put the 2015 crop at 828,000 tonnes, down slightly from last year. Exports are expected to be slightly reduced due to smaller volumes to the US and EU.

## The Fine Print

At LeftField, we do our best to provide accurate information in this newsletter but we don't guarantee its accuracy nor accept liability for any errors. This newsletter provides market information and does not offer specific marketing recommendations.